

(Mr. BENNET) and the Senator from Maryland (Mr. VAN HOLLEN) were added as cosponsors of S. 5019, a bill to amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

By Mr. CARDIN:

S. 5031. A bill to amend the Internal Revenue Code of 1986 to provide for a progressive consumption tax and to reform the income tax, and for other purposes; to the Committee on Finance.

Mr. CARDIN. Mr. President, today I introduced the Progressive Consumption Tax Act of 2020.

We need a tax code that is fair for American families and for employers. We need a tax code that rethinks how our Nation collects the revenue that allows us to build our roads and bridges and keeps our Nation safe. We need a system that values our most vulnerable Americans, small businesses, and makes our U.S.-based businesses more competitive.

In our recent history, comprehensive tax reform has been out of grasp. Congressional leaders have long called for a 1986-style tax reform in which the tax code would be streamlined and simplified to broaden the tax base and lower income tax rates. The 2017 tax law was a representation of how hard this type of tax reform is. It kept in place much of what makes the tax code complicated and inefficient, did not secure permanent income tax rate reductions for working families, and it increased the deficit by nearly \$2 trillion. It is time we take a new approach.

As we look to the future and work towards the goal of a sustainable economy that works for all, my colleagues and I will need to think creatively about how to raise revenues and provide for the services the government must and can deliver.

Austere and regressive spending cuts are not the answer to the question of how to set the country on a sustainable path and support working families. Instead, we should look at ways to raise reasonable revenues and make the tax code work better for all. The Progressive Consumption Tax Act should be part of that conversation.

I introduced versions of this bill in the past to provide an opening for discussion and an opportunity to review legislative language for this type of comprehensive tax reform. Now more than ever it is critical Congress revisit the thinking about comprehensive tax reform that is lasting and progressive.

The 2017 tax law was constructed with many temporary policies that will require future action on tax policies as these provisions expire.

While some of those will be years from now, this conversation can never start early enough. We know that good ideas can take time to become mainstream. In a world where about 150

countries now have a consumption tax, it is time the U.S. join this mainstream thinking.

The legislation I have introduced today is an example of truly progressive, fiscally responsible, pro-growth tax reform could look like.

It also provides an opportunity for the U.S. to catch up with the rest of the world. All OECD countries except the U.S. have a consumption tax.

The Progressive Consumption Tax Act would put this country on a level playing field by providing for a progressive consumption tax, or PCT, at a rate of 10 percent. The PCT would generate revenue by taxing goods and services, rather than income.

The revenues collected by the PCT would eliminate an income tax liability for most households in this Nation. Lower income individuals, those currently eligible for the Earned Income Tax Credit and the Child Tax Credit, would receive rebates to cover the cost of their PCT burden, cementing the progressivity of this new system.

For those who do still have an income tax liability under this Act would have lower rates and a simplified income tax. Under current law, the top marginal income tax rate is 37 percent. Under the Progressive Consumption Tax Act, the top income rate would be just 28 percent.

The 2017 tax law reduced the corporate tax rate to 21 percent. This Act would further reduce that rate to 17 percent. Businesses would be more competitive and this would contribute to a pro-growth economy in the U.S., all while collecting reasonable revenues.

As we discuss this proposal, you will hear me say this over and over again: An overarching goal of the Progressive Consumption Tax Act is ensuring the tax code is progressive, meaning that those who make less in income don't have a higher tax burden than wealthy people. The provisions included in this Act—removing an income tax liability for most households and providing rebates—are meant to maintain progressivity in the tax code for families.

For those who worry that a consumption tax will bring in “too much” money, my legislation remains balanced. It is designed to raise stable and reasonable tax revenues. However, if more revenues than envisioned are collected under this legislation, a “circuit breaker” would return additional revenues to taxpayers. Again, we put money back into the hands of the taxpayers.

In 2017, I offered the Progressive Consumption Tax Act as an alternative to the tax legislation considered that year. While it would have been a responsible choice to enact then, it could still provide a fresh start now.

Since that law was passed, there has been increased interest in looking at ways to reform the nation's tax laws to tilt any benefit more towards those who were left behind and raise reasonable revenues. My colleagues in Con-

gress and stakeholders are searching for forward-looking ideas for how to modernize the tax code. I am excited that President-elect Biden has put forward tax reform proposals and Congressional leaders have done the same. The longer we wait to put this country in a better, more competitive, progressive position, the harder it will be.

That's why I am reintroducing the Progressive Consumption Tax this year. As this Congress closes and the new Congress convenes, I hope we will seriously consider the tax system in this country and consider the types of reforms proposed in the Progressive Consumption Tax Act.

Mr. President, I ask unanimous consent that the text of my bill appear in the RECORD following these remarks.

S. 5031

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) IN GENERAL.—This Act may be cited as the “Progressive Consumption Tax Act of 2020”.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—PROGRESSIVE CONSUMPTION TAX

Sec. 101. Imposition of progressive consumption tax.

TITLE II—INDIVIDUAL AND CORPORATE TAX REFORM

Subtitle A—Individual Income Tax Reforms

Sec. 201. Individual income tax rate reductions and inflation adjustments.

Sec. 202. Family allowance amounts; repeal of personal exemption deduction.

Sec. 203. Repeal of limitations relating to itemized deductions.

Sec. 204. Restoration of certain deductions.

Sec. 205. Termination of separate treatment of capital gains.

Sec. 206. Repeals.

Sec. 207. Establishment of progressive tax rebate.

Sec. 208. Technical and conforming amendments.

Subtitle B—Corporate Tax Reforms

Sec. 211. Corporate income tax rate reduction.

TITLE III—REFUND OF EXCESS CONSUMPTION TAX REVENUE

Sec. 301. Refunds of excess consumption tax revenue.

TITLE I—PROGRESSIVE CONSUMPTION TAX

SEC. 101. IMPOSITION OF PROGRESSIVE CONSUMPTION TAX.

(a) IN GENERAL.—Subtitle D is amended by inserting before chapter 31 the following new chapter:

“CHAPTER 30—PROGRESSIVE CONSUMPTION TAX

“SUBCHAPTER A. IMPOSITION OF TAX

“SUBCHAPTER B. TAXABLE SUPPLY

“SUBCHAPTER C. CREDIT AGAINST TAX

“SUBCHAPTER D. ADMINISTRATION

“SUBCHAPTER E. DEFINITIONS AND SPECIAL RULES

“Subchapter A—Imposition of Tax

“Sec. 3901. Imposition of tax.

“Sec. 3902. Taxable amount.

“SEC. 3901. IMPOSITION OF TAX.

“(a) GENERAL RULE.—A tax is hereby imposed on every taxable supply.

“(b) AMOUNT OF TAX.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the tax shall be 10 percent of the taxable amount.

“(2) SPECIAL RATE FOR EXPORTS.—The amount of the tax shall be zero with respect to the provision of any supply which is—

“(A) a supply of tangible personal property that is exported from the United States within 90 days after the provider gives an invoice for the supply, or

“(B) a supply, other than a supply of tangible personal property—

“(i) which is provided to a recipient that is not in the United States when the supply is performed or otherwise done, and

“(ii) the use of which takes place outside of the United States.

“SEC. 3902. TAXABLE AMOUNT.

“(a) AMOUNT CHARGED CUSTOMER.—For purposes of this chapter, the taxable amount for any taxable supply for which money is the only consideration shall be the price charged by the provider—

“(1) including all invoiced charges for transportation, and other items payable to the provider with respect to the supply, but

“(2) excluding the tax imposed by section 3901 with respect to the supply and excluding any State and local sales and use taxes with respect to the supply.

“(b) BARTER TRANSACTIONS.—For purposes of this chapter, the taxable amount for any taxable supply which includes consideration other than money shall be the fair market value of the consideration (including all invoiced charges for transportation and other items payable to the provider) plus the amount of any money paid in consideration.

“(c) IMPORTS.—For purposes of this chapter, the taxable amount in the case of any import shall be—

“(1) the customs value plus customs duties and any other duties which may be imposed, or

“(2) if there is no such customs value, the fair market value (determined as if the importer had sold the supply).

For purposes of this subsection, the customs value of any import shall include all invoiced charges for transportation and other items payable to the importer with respect to the supply.

“(d) SPECIAL RULE IN THE CASE OF SALES OF CERTAIN USED CONSUMER GOODS.—For purposes of this chapter, if—

“(1) a person acquires any tangible personal property in a transaction which was not taxable under this chapter, and

“(2) such property had been used by an ultimate consumer before such acquisition, the taxable amount in the case of any sale of such property by such person (determined without regard to this subsection) shall be reduced by the amount paid for such property by such person.

“Subchapter B—Taxable Supply

“Sec. 3911. Taxable supply.

“Sec. 3912. Supplies made in connection with the United States.

“Sec. 3913. Exempt supply.

“SEC. 3911. TAXABLE SUPPLY.

“(a) IN GENERAL.—For purposes of this chapter, the term ‘taxable supply’ means—

“(1) the importation of property into the United States, and

“(2) any supply (other than an exempt supply)—

“(A) which is provided—

“(i) in the course of carrying on a trade or business,

“(ii) in the case of an organization exempt from tax under section 501(a), in furtherance of the activities related to the purpose or function constituting the basis of its exemption under section 501, or

“(iii) in the case of a State, an Indian tribal government, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, in carrying out any activity that is not an essential governmental function,

“(B) for which consideration is provided in return, and

“(C) which is made in connection with the United States.

“(b) SUPPLY.—For purposes of this chapter—

“(1) IN GENERAL.—The term ‘supply’ means any supply whatsoever, including—

“(A) the sale or provision (including through renting, leasing, or licensing) of property,

“(B) the performance of services,

“(C) the grant, assignment, or surrender of real property,

“(D) the creation, grant, transfer, assignment, or surrender of any right,

“(E) financial supplies, and

“(F) an entry into, or release from, an obligation or agreement to perform or refrain from performing an act.

“(2) SPECIAL RULE FOR SERVICES FOR EMPLOYER.—An employee’s services for the employer shall not be treated as a supply.

“SEC. 3912. SUPPLIES MADE IN CONNECTION WITH THE UNITED STATES.

“(a) TANGIBLE PROPERTY.—For purposes of this chapter—

“(1) IN GENERAL.—The supply of tangible property is made in connection with the United States if—

“(A) the property is delivered or made available to the recipient in the United States, or

“(B) the property is assembled in or removed from any location in the United States.

“(2) REAL PROPERTY.—The supply of real property is made in connection with the United States if the real property is located in the United States.

“(b) SERVICES, INTANGIBLE PROPERTY, AND OTHER SUPPLIES.—For purposes of this chapter, the supply of anything other than tangible property or real property is made in connection with the United States if—

“(1) the supply is used, performed, or otherwise done in the United States, or

“(2) the supply is provided through a trade or business in the United States.

“SEC. 3913. EXEMPT SUPPLY.

“(a) IN GENERAL.—An exempt supply shall not be subject to tax under this chapter.

“(b) EXEMPT SUPPLY.—For purposes of this chapter—

“(1) IN GENERAL.—The term ‘exempt supply’ means—

“(A) the rental or leasing of residential real property,

“(B) any sale of qualified residential real property,

“(C) any financial supply,

“(D) any nonparticipating small supplier supply, and

“(E) any taxable supply (or category of such supplies) treated as an exempt supply under section 3932(b).

“(2) QUALIFIED RESIDENTIAL REAL PROPERTY.—For purposes of paragraph (1), the term ‘qualified residential real property’ means residential real property—

“(A) which—

“(i) has previously been sold as residential real property, or

“(ii) has been continuously rented for 5 years or more, and

“(B) to which substantial renovations have not been made after the date of the enactment of this chapter.

“(3) NONPARTICIPATING SMALL SUPPLIER SUPPLY.—

“(A) IN GENERAL.—For purposes of paragraph (1), the term ‘nonparticipating small supplier’ means any supply provided by a supplier during—

“(i) any taxable period during which such supplier was a nonparticipating small supplier, or

“(ii) the four-week period beginning on the first day after the close of the last calendar quarter in which such supplier was a nonparticipating small supplier.

“(B) NONPARTICIPATING SMALL SUPPLIER.—

“(i) IN GENERAL.—For purposes of subparagraph (A), the term ‘nonparticipating small supplier’ means any person for any taxable period if—

“(I) such person has aggregate taxable revenues of not more than \$100,000 for the four-calendar quarter period ending immediately before the taxable period, and

“(II) has not made an election under clause (iii) for such taxable period.

“(ii) TAXABLE REVENUE.—For purposes of this paragraph, the term ‘taxable revenue’ means revenue from supplies which are taxable supplies, determined without regard to paragraph (1)(D).

“(iii) ELECTION.—Under regulations prescribed by the Secretary, any person who meets the requirements of clause (i)(I) may make an election not to be treated as a nonparticipating small supplier for any taxable period.

“(C) AGGREGATION RULES.—For purposes of determining aggregate taxable revenues under subparagraph (B)(i)(I), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

“Subchapter C—Credit Against Tax

“Sec. 3916. Credit against tax.

“SEC. 3916. CREDIT AGAINST TAX.

“(a) GENERAL RULE.—There shall be allowed as a credit against the aggregate amount of tax imposed by section 3901 with respect to all taxable supplies made by the taxpayer during the taxable period an amount equal to the aggregate amount of tax imposed by section 3901 on creditable acquisitions of the taxpayer during such taxable period.

“(b) CREDITABLE ACQUISITIONS.—For purposes of this chapter, the term ‘creditable acquisition’ means the acquisition or receipt of any supply which—

“(1) was subject to tax under section 3901 at the time it was provided to the taxpayer,

“(2) was used by the taxpayer—

“(A) in the course of carrying on a trade or business,

“(B) in the case of a taxpayer exempt from tax under section 501(a), in furtherance of the activities related to the purpose or function constituting the basis of the exemption under section 501, or

“(C) in the case of a State, an Indian tribal government, a possession of the United

States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, in carrying out any activity that is not an essential governmental function, and

“(3) except as provided in subsection (c), was not used by the taxpayer to make an exempt supply.

“(c) CERTAIN ACQUISITIONS RELATED TO FINANCIAL SUPPLIES.—

“(1) ACQUISITIONS BY QUALIFIED SMALL FINANCIAL SUPPLIERS.—

“(A) IN GENERAL.—Solely for purposes of subsections (b)(3) and (d)(1), a financial supply which is provided by a qualified small financial supplier shall not be treated as an exempt supply.

“(B) QUALIFIED SMALL FINANCIAL SUPPLIER.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘qualified small financial supplier’ means any person for any month if, for the 12-month period ending with the month preceding such month, the amount of credits which, but for this paragraph, would be allowable to such person under subsection (a) for taxable supplies which are used for the purpose of making financial supplies does not exceed the lesser of—

“(I) \$150,000, or

“(II) 10 percent of the amount of credits allowable to such person under subsection (a) (determined without regard to this paragraph) for all taxable supplies during such 12-month period.

“(ii) AGGREGATION RULES.—For purposes of determining the amount of credits for any period under clause (i), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

“(2) PARTIALLY CREDITABLE ACQUISITIONS.—

“(A) IN GENERAL.—In the case of any partially creditable acquisition by a person other than a qualified small financial supplier—

“(i) subsection (b) shall be applied without regard to paragraph (3) thereof, and

“(ii) only 60 percent of the amount of tax imposed by section 3901 shall be taken account under subsection (a) in determining the amount of the credit under this section.

“(B) PARTIALLY CREDITABLE ACQUISITION.—For purposes of this section—

“(i) IN GENERAL.—The term ‘partially creditable acquisition’ means the acquisition of any supply described in clause (ii) if such acquisition is used to provide a financial supply.

“(ii) SUPPLIES DESCRIBED.—A supply is described in this clause if such supply is a supply of—

“(I) banking or cash management services, including services related to issuing, closing, operating, and maintaining accounts, and the processing of account information and applications,

“(II) payment and fund transfer services, including for the operation of a payment system and processing account transactions,

“(III) securities transaction services for the provision, acquisition, or disposal of an interest in a security,

“(IV) loan and debt collection services, including mortgage brokerage services, services related to mortgage insurance and loan protection insurance, and loan application, management, and processing services,

“(V) capital markets, financial instruments, or fund management services,

“(VI) insurance services, including brokerage services, or

“(VII) such other services as the Secretary may specify in regulations.

“(d) EXEMPT SUPPLIES, ETC.—

“(1) IN GENERAL.—If acquisitions (other than partially creditable acquisitions) are used partly for a use which is not for an exempt supply and partly for an exempt supply, the credit shall be allowable only with respect to the acquisitions which are not used for an exempt supply.

“(2) PARTIALLY CREDITABLE ACQUISITIONS.—If partially creditable acquisition is used partly to provide a supply described in subsection (c)(2)(B)(ii) and partly for another use, subsection (c)(2) shall apply only with respect to acquisitions used to provide supplies described in subsection (c)(2)(B)(ii).

“(e) EXCESS CREDIT TREATED AS OVERPAYMENT.—

“(1) IN GENERAL.—If for any taxable period the amount of the credit allowable by subsection (a) exceeds the aggregate amount of the tax imposed by section 3901 for such period, such excess shall be treated as an overpayment of the tax imposed by section 3901.

“(2) TIME WHEN OVERPAYMENT ARISES.—Any overpayment under paragraph (1) for any taxable period shall be treated as arising on the later of—

“(A) the due date for the return for such period, or

“(B) the date on which the return is filed.

“Subchapter D—Administration

“Sec. 3921. Provider liable for tax.

“Sec. 3922. Tax invoices.

“Sec. 3923. Time for filing return and claiming credit; deposits of tax.

“Sec. 3924. Treatment of related businesses, etc.

“Sec. 3925. Reports.

“Sec. 3926. Regulations.

“SEC. 3921. PROVIDER LIABLE FOR TAX.

“(a) IN GENERAL.—Except as provided in subsection (b), the person providing the supply shall be liable for the tax imposed by section 3901.

“(b) SPECIAL RULE FOR IMPORTS.—The person receiving the supply shall be liable for the tax imposed under section 3901—

“(1) in the case of any taxable supply described in section 3911(a)(1), and

“(2) in the case of any taxable supply which is not a supply of tangible property and which is—

“(A) performed or otherwise done outside the United States,

“(B) used in the United States, and

“(C) acquired for use—

“(i) in carrying on a trade or business in the United States,

“(ii) by an organization exempt from tax under section 501(a), in furtherance of activities related to the purpose or function constituting the basis of its exemption under section 501, or

“(iii) by a State, an Indian tribal government, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, in carrying out any activity that is not an essential governmental function.

“SEC. 3922. TAX INVOICES.

“(a) IN GENERAL.—

“(1) SUPPLIES MADE IN CONNECTION WITH THE UNITED STATES.—Except as otherwise provided in this subsection, any person providing a taxable supply shall give the recipient a tax invoice with respect to such supply.

“(2) CERTAIN SERVICES PERFORMED OUTSIDE THE UNITED STATES.—In the case of any taxable supply described in section 3921(b)(2), paragraph (1) shall not apply and the person receiving the taxable supply shall generate a tax invoice with respect to such supply.

“(3) IMPORTS.—In the case of any taxable supply described in section 3911(a), the Sec-

retary, in consultation with the Commissioner of Customs and Border Protection, shall promulgate regulations governing the provision of tax invoices.

“(b) CONTENT OF INVOICE.—The tax invoice required by subsection (a) with respect to any supply shall set forth—

“(1) the name and, in the case of an invoice under subsection (a)(1), identification number of the provider,

“(2) the name of the recipient,

“(3) the date of the taxable supply,

“(4) the taxable amount with respect to the taxable supply,

“(5) the amount of the tax imposed by section 3901, and

“(6) such other information as may be prescribed by regulations.

“(c) NO CREDIT WITHOUT INVOICE.—

“(1) IN GENERAL.—Except as provided in paragraph (2) or (3), a taxpayer may claim a credit with respect to a creditable acquisition only if the taxpayer—

“(A) has in the taxpayer's possession a tax invoice which meets the requirements of this section, and

“(B) is named as the recipient of the supply in such invoice.

“(2) EMPLOYEES OR OTHER AGENTS NAMED IN INVOICES.—To the extent provided in regulations, the naming of an employee or other agent of the recipient of the supply shall be treated as the naming of the recipient.

“(3) WAIVER OF INVOICE REQUIREMENT IN CERTAIN CASES.—To the extent provided in regulations, paragraph (1) shall not apply—

“(A) where the taxpayer can demonstrate that the failure to receive or to have in the taxpayer's possession a tax invoice was without fault on the taxpayer's part, or

“(B) to a taxable supply (or category of supplies) where—

“(i) the amount involved is de minimis, or

“(ii) the information required by subsection (b) can be reliably established by sampling or by another method and can be adequately documented.

“(d) TIME FOR FURNISHING INVOICE.—Any invoice required to be furnished by subsection (a) with respect to any supply shall be furnished not later than 15 business days after the tax point for such supply.

“SEC. 3923. TIME FOR FILING RETURN AND CLAIMING CREDIT; DEPOSITS OF TAX.

“(a) FILING RETURN.—Before the last day of the fourth week (third week, in the case of any taxpayer to which subsection (c)(2) applies) after the close of each taxable period, each person liable for tax under this chapter shall file a return of the tax imposed by section 3901 on taxable supplies having a tax point within such taxable period.

“(b) CREDIT ALLOWED FOR TAXABLE PERIOD IN WHICH RECIPIENT RECEIVES INVOICE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), a credit allowable by section 3916 with respect to a supply may be allowed only for the first taxable period by the close of which the taxpayer—

“(A) has paid or accrued amounts properly allocable to the tax imposed by section 3901 with respect to such supply, and

“(B) has a tax invoice (or equivalent) with respect to such supply.

“(2) USE FOR LATER PERIOD.—Under regulations, a credit allowable by section 3916 may be allowed for a period after the period set forth in paragraph (1).

“(c) TAXABLE PERIOD.—For purposes of this chapter—

“(1) IN GENERAL.—Except as provided in paragraph (2), the term ‘taxable period’ means a calendar quarter.

“(2) MONTHLY PERIOD FOR CERTAIN TAXPAYERS.—

“(A) IN GENERAL.—In the case of a taxpayer who makes taxable supplies for any month in

excess of \$20,000,000, the term ‘taxable period’ means a calendar month.

“(B) ELECTION OF 1-MONTH PERIOD.—If the taxpayer so elects, the term ‘taxable period’ means a calendar month.

“(d) TAX POINT.—For purposes of this chapter—

“(1) CHAPTER 1 RULES WITH RESPECT TO PROVIDER GOVERN.—Except as provided in paragraph (2), the tax point for any supply is the earlier of—

“(A) the time (or times) when any income from the provision of the supply should be treated by the provider as received or accrued (or any loss should be taken into account by the seller) for purposes of chapter 1, or

“(B) the time (or times) when the provider receives payment for the sale.

“(2) IMPORTS.—In the case of the importing of property, the tax point is when the property is entered, or withdrawn from warehouse, for consumption in the United States.

“(e) MONTHLY DEPOSITS REQUIRED.—To the extent provided in regulations, monthly deposits may be required of the estimated liability for any taxable period for the tax imposed by section 3901.

“SEC. 3924. TREATMENT OF RELATED BUSINESSES, ETC.

“For purposes of this chapter, except as provided in sections 3913(b)(3)(C) and 3916(c)(1)(B)(ii) and in regulations established by the Secretary, the taxpayer may elect—

“(1) to treat as 1 person 2 or more businesses which may be treated under section 52(b) as 1 employer, and

“(2) to treat as separate persons separate divisions of the same business.

“SEC. 3925. REPORTS.

“The Secretary shall submit to Congress semi-annual reports on the implementation and administration of this chapter, including the amount of revenue collected from the tax imposed under this chapter and estimates of the revenue to be collected from such tax for future period.

“SEC. 3926. REGULATIONS.

“The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this chapter.

“Subchapter E—Definitions and Special Rules

“Sec. 3931. Definitions.

“Sec. 3932. Special rules.

“SEC. 3931. DEFINITIONS.

“For purposes of this chapter—

“(1) BUSINESS.—The term ‘business’ includes—

“(A) a trade, and

“(B) an activity regularly carried on for profit.

“(2) BUSINESS DAY.—The term ‘business day’ means any day other than Saturday and Sunday and other than a legal holiday (within the meaning of section 7503).

“(3) EMPLOYEE.—The term ‘employee’ has the meaning such term has for purposes of chapter 24.

“(4) FINANCIAL SUPPLIES.—The term ‘financial supplies’ means the provision, acquisition, or disposal of any of the following: a bank account, a debit or credit arrangement, a mortgage, a superannuation fund, an annuity, insurance, a financial guarantee, an indemnity, currency, securities, or derivatives.

“(5) PERSON.—The term ‘person’ includes any governmental entity.

“(6) PROVIDE; PROVIDER.—The term ‘provide’, when used in reference to taxable supplies (other than in section 3911(a)(2)), includes the importation of property and the term ‘provider’ includes the importer of property.

“(7) UNITED STATES.—The term ‘United States’, when used in a geographical sense,

includes a Commonwealth and any possession of the United States.

“SEC. 3932. SPECIAL RULES.

“(a) COORDINATION WITH SUBTITLE A.—For purposes of subtitle A—

“(1) TREATMENT OF CREDIT.—Any credit allowable to a taxpayer under section 3916 which is attributable to any supply shall be treated as a reduction in the amount paid or incurred by the taxpayer for such supply.

“(2) AMOUNT OF DEDUCTION FOR TAX.—The amount allowable as a deduction for the tax imposed by section 3901 shall be determined without regard to any credit allowable under section 3916.

“(3) COMPUTATION OF PERCENTAGE DEPLETION.—For purposes of sections 613 and 613A—

“(A) gross income shall be reduced by the amount of the tax imposed by section 3901, and

“(B) taxable income shall be determined without regard to any deduction allowed for such tax.

“(b) AUTHORITY TO ZERO RATE DE MINIMIS SUPPLIES, ETC.—The Secretary may prescribe regulations treating as an exempt supply any taxable supply (or category of such supplies) where—

“(1) the amount involved is de minimis, or

“(2) the revenue raised by taxing the supply is not sufficient to justify the administrative and other costs involved in the payment and collection of the tax.”.

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle D is amended by inserting before the item relating to chapter 31 the following:

“CHAPTER 30. PROGRESSIVE CONSUMPTION TAX”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to supplies provided after December 31, 2021.

TITLE II—INDIVIDUAL AND CORPORATE TAX REFORM

Subtitle A—Individual Income Tax Reforms

SEC. 201. INDIVIDUAL INCOME TAX RATE REDUCTIONS AND INFLATION ADJUSTMENTS.

(a) IN GENERAL.—

(1) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—Subsection (a) of section 1 is amended by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$100,000	15 percent of taxable income.
Over \$100,000 but not over \$500,000	\$15,000, plus 25 percent of the excess over \$100,000.
Over \$500,000	\$115,000, plus 28 percent of the excess over \$500,000.”.

(2) HEADS OF HOUSEHOLDS.—Subsection (b) of section 1 is amended by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000	\$7,500, plus 25 percent of the excess over \$50,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

(3) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—Subsection (c) of section 1 is amended by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—Subsection (d) of section 1 is

amended by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

(5) CONFORMING AMENDMENTS.—Section 1 is amended by striking subsections (i) and (j).

(b) INFLATION ADJUSTMENTS APPLIED BASED ON CPI.—Paragraph (3) of section 1(f) is amended to read as follows:

“(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

“(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—

“(i) the CPI for the preceding calendar year, exceeds

“(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B).

“(B) AMOUNT DETERMINED.—The amount determined under this subparagraph is the product of—

“(i) the amount obtained by dividing—

“(I) the C-CPI-U for calendar year 2016, by

“(II) the CPI for calendar year 2016, and

“(ii) the amount obtained by dividing—

“(I) the CPI for calendar year 2021, by

“(II) the C-CPI-U for calendar year 2021.

“(C) SPECIAL RULE FOR ADJUSTMENTS WITH A BASE YEARS AFTER 2016.—

“(i) BASE YEARS AFTER 2021.—For purposes of any provision of this title which provides for the substitution of a year after 2021 for ‘2016’ in subparagraph (A)(ii), such subparagraph shall be applied without regard to ‘, multiplied by the amount determined under subparagraph (B)’.

“(ii) BASE YEARS AFTER 2016 AND BEFORE 2022.—For purposes of any provision of this title which provides for the substitution of a year after 2016 and before 2021 for ‘2016’ in subparagraph (A)(ii)—

“(I) subparagraph (A)(ii) shall be applied by substituting ‘C-CPI-U’ for ‘CPI’, and

“(II) the amount determined under subparagraph (B) shall be the amount obtained by dividing—

“(aa) the CPI for calendar year 2021, by

“(bb) the C-CPI-U for calendar year 2021.”.

(c) CONFORMING AMENDMENTS RELATED TO RATE CHANGES.—

(1) IN GENERAL.—Paragraph (3) of section 1(f) is amended by inserting ‘, except as provided in paragraph (7),’ after ‘for any calendar year’.

(2) UPDATED COST-OF-LIVING ADJUSTMENT FOR NEW RATES.—Section 1(f) is amended by striking paragraphs (8) and inserting the following:

“(8) COST-OF-LIVING ADJUSTMENT FOR YEARS AFTER 2021.—

“(A) CALENDAR YEAR 2022.—In prescribing the tables under paragraph (1) which apply in lieu of the tables contained in subsections (a), (b), (c), and (d) with respect to taxable years beginning in calendar year 2022, the Secretary shall make no adjustment to the dollar amounts in any such table.

“(B) LATER CALENDAR YEARS.—In prescribing tables under paragraph (1) which apply in lieu of the tables contained in subsections (a), (b), (c), and (d) with respect to taxable years beginning after December 31, 2022, the cost-of-living adjustment used in making adjustments to the dollar amounts in such tables shall be determined under paragraph (3) by substituting ‘2021’ for ‘2016’ in subparagraph (A)(ii) thereof.”.

(3) OTHER CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1(f) is amended—

(i) by striking “paragraph (8)” in subparagraph (A) and inserting “paragraph (7)(A)”, and

(ii) by striking “by adjusting” in subparagraph (C) and inserting “except as provided in paragraph (7)(A), by adjusting”.

(B) The heading of subsection (f) of section 1 is amended by striking “PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET; ADJUSTMENTS” and inserting “ADJUSTMENTS”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

“If the taxpayer is:

Single or married filing separately	\$50,000
Married filing jointly or a surviving spouse	\$100,000
A head of a household	\$75,000.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘single or married filing separately’ means a taxpayer to whom subsection (c) or (d) of section 1 applies,

“(B) the term ‘married filing jointly or a surviving spouse’ means a taxpayer to whom subsection (a) of section 1 applies, and

“(C) the term ‘head of a household’ means a taxpayer to whom subsection (b) of section 1 applies.

“(3) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after 2022, each of the dollar amounts in the table under paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting ‘2021’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(C) CROSS REFERENCES.—

“(1) For deductions of estates and trusts in lieu of the family allowance amount, see section 642(b).

“(2) For calculation of family allowance relating to nonresident aliens, see section 873(b)(3).

“(3) For determination of marital status, see section 7703.”.

(2) APPLICATION OF FAMILY ALLOWANCE TO CERTAIN RULES.—

(A) SOURCE RULES.—

(i) Section 861(b) is amended by striking “the standard deduction” and inserting “the family allowance”.

(ii) Section 862(b) is amended by striking “the standard deduction” and inserting “the family allowance”.

(B) THRESHOLD FOR REQUIREMENT TO MAKE RETURN.—

(i) Section 6012(a)(1) is amended to read as follows:

“(1)(A) Every individual—

“(i) having for the taxable year gross income which equals or exceeds the family allowance amount applicable to the individual under section 63, or

“(ii) in the case of individuals entitled to make a joint return (but only if the individual and the individual’s spouse had the same household as their home at the close of the taxable year), every individual whose gross income, when combined with the gross income of the individual’s spouse, equals or exceeds the family allowance amount applicable to taxpayers who are married filing jointly under section 63.

“(B) Every individual not described in subparagraph (A) who is taken into account as a dependent by another taxpayer under section

SEC. 202. FAMILY ALLOWANCE AMOUNTS; REPEAL OF PERSONAL EXEMPTION DEDUCTION.

(a) FAMILY ALLOWANCE AMOUNT.—

(1) IN GENERAL.—Section 63 is amended to read as follows:

“SEC. 63. TAXABLE INCOME DEFINED.

“(a) IN GENERAL.—For purposes of this subtitle, the term ‘taxable income’ means adjusted gross income minus—

“(1) the deductions allowed by this chapter (other than those taken into account in determining adjusted gross income), and

7706 for purposes of any provision of this title, but only if such individual’s gross income, when combined with the gross income of all individuals taken into account in determining the family allowance amount under section 63(b) of the taxpayer, equals or exceeds the family allowance amount applicable to the taxpayer under such section.”.

(ii) Section 6012(a)(8) is amended by striking “is not less than the sum of the exemption amount plus the basic standard deduction under section 63(c)(2)(D)” and inserting “equals or exceeds the family allowance amount applicable to the estate under section 1398(c)(3)”.

(iii) Section 6012 is amended by striking subsection (f).

(C) OTHER RULES.—

(i) Section 1398(c) is amended—

(I) by striking paragraph (3) and inserting the following:

“(3) FAMILY ALLOWANCE AMOUNT.—The family allowance amount under section 63(b) taken into account for the estate for the taxable year shall be the same as for a taxpayer who is single or married filing separately.”, and

(II) by striking “BASIC STANDARD DEDUCTION” in the heading and inserting “FAMILY ALLOWANCE AMOUNT”.

(ii) Section 6014 is amended—

(I) by striking “who does not itemize his deductions and who is not described in section 6012(a)(1)(C)(i)” in subsection (a) and inserting “who is not described in section 6012(a)(1)(B)”, and

(II) by striking subsection (b)(4) and inserting the following:

“(4) to cases where the taxpayer claims deductions in addition to the family allowance.”.

(b) PERMANENT REPEAL OF DEDUCTION FOR PERSONAL EXEMPTIONS.—

(1) IN GENERAL.—Part V of subchapter B of chapter 1 is hereby repealed.

(2) DEFINITION OF DEPENDENT RETAINED.—

(A) IN GENERAL.—Section 152, prior to the repeal made by subsection (a), is hereby redesignated as section 7706 and moved to the end of chapter 79.

(B) IDENTIFYING INFORMATION REQUIRED TO TREAT INDIVIDUAL AS DEPENDENT.—Section 7706, as redesignated by subparagraph (A), is amended by adding at the end the following new subsection:

“(g) IDENTIFYING INFORMATION REQUIRED.—No individual shall be treated as a dependent of the taxpayer under this section for a taxable year unless the taxpayer includes the TIN of such individual on the return of tax for the taxable year.”.

“(2) the family allowance amount.

“(b) FAMILY ALLOWANCE AMOUNT.—For purposes of this subtitle—

“(1) IN GENERAL.—The family allowance amount with respect to a taxpayer shall be determined in accordance with the following table:

The family allowance amount is:

(3) APPLICATION OF REPEAL TO CERTAIN RULES.—

(A) DETERMINATION OF DEPENDENT.—Section 7706, as redesignated by subparagraph (A), is amended—

(i) in subsection (d)—

(I) by striking “the exemption amount (as defined in section 151(d))” in subparagraph (1)(B) and inserting “\$4,150”, and

(II) by adding at the end the following new paragraph:

“(6) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year beginning after 2018, the \$4,150 amount in paragraph (1)(B) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(c)(2)(A) for the calendar year in which such taxable year begins, determined by substituting ‘calendar year 2017’ for ‘calendar year 2016’ in clause (ii) thereof.”, and

(ii) in subsection (f)(6)(B)(i), by striking “the deduction under section 151(c)” and inserting “the family allowance amount under section 63(b)”.

(B) NET OPERATING LOSS.—Section 172(d)(3) is amended to read as follows:

“(3) FAMILY ALLOWANCE AMOUNT.—Taxable income under section 63 shall be determined without regard to paragraph (2) of section 63(a), relating to the family allowance amount. No deduction in lieu of such family allowance amount shall be allowed.”.

(C) SHORT TAXABLE YEARS.—

(i) Section 443(c) is amended—

(I) by striking “the exemptions allowed as a deduction under section 151 (and any deduction in lieu thereof) shall be reduced to amounts which bear the same ratio to the full exemptions” and inserting “the family allowance amount under section 63 (and any deduction in lieu thereof) shall be reduced to an amount which bears the same ratio to the full family allowance amount”, and

(II) by striking “DEDUCTION FOR PERSONAL EXEMPTIONS” in the heading and inserting “FAMILY ALLOWANCE AMOUNT”.

(ii) Section 441(f)(2)(B)(iii) is amended by striking “of the deductions for personal exemptions as described in section 443(c)” and inserting “of the family allowance amount”.

(D) APPLICATION TO TRUSTS AND ESTATES.—

(i) Section 642(b)(2)(C) is amended—

(I) by striking “the exemption amount under section 151(d)” in clause (i) and inserting “the dollar amount in effect under section 7706(d)(1)(B)”, and

(II) by striking clause (iii).

(ii) Section 642(b)(3) is amended—

(I) by striking “the deductions allowed under section 151 (relating to deduction for personal exemption)” and inserting “the family allowance amount”, and

(II) by striking “PERSONAL EXEMPTION” in the heading and inserting “FAMILY ALLOWANCE AMOUNT”.

(E) PARTNERSHIP COMPUTATIONS.—Section 703(a) is amended—

(i) by striking “and” at the end of paragraph (1),

(ii) by striking subparagraph (A) of paragraph (2) and by redesignating subparagraphs (B), (C), (D), (E), and (F) of such paragraph as subparagraphs (A), (B), (C), (D), and (E),

(iii) by striking the period at the end of paragraph (2)(F) and inserting “, and”, and

(iv) by adding at the end the following new paragraph:

“(3) taxable income under section 63 shall be determined without regard to the family allowance amount.”.

(F) NONRESIDENT ALIENS.—

(i) Section 873(b) is amended—

(I) by striking “deductions” in the matter preceding paragraph (1), and

(II) by striking paragraph (3) and inserting the following:

“(3) FAMILY ALLOWANCE AMOUNT.—The family allowance amount under section 63(a)(2), except that the taxpayer shall be treated for purposes of section 63(b) as single or married filing separately unless the taxpayer is a resident of a contiguous country or is a national of the United States.”.

(ii)(I) The heading of section 873 is amended by striking “DEDUCTIONS” and inserting “DEDUCTIONS AND ALLOWANCES”.

(II) The item relating to section 873 in the table of sections for subpart A of part II of subchapter N of chapter 1 is amended to read as follows:

“Sec. 873. Deductions and allowances.”.

(iii) Section 874(b) is amended by striking “deduction for exemptions under section 151” and inserting “the family allowance amount under section 63”.

(iv) Section 891 is amended by striking “deductions allowable under section 151 and under” and inserting “the family allowance amount under section 63(a)(2) and the deductions allowable under”.

(G) FOREIGN TAX CREDIT.—Section 904(b)(1) is amended to read as follows:

“(1) FAMILY ALLOWANCE AND DEDUCTIONS.—For purposes of subsection (a), the taxable income in the case of an individual, estate, or trust shall be computed without regard to the family allowance amount under section 63(a)(2) or any deduction in lieu of such amount under section 642(b)(3).”.

(H) TREATMENT OF POSSESSIONS.—

(i) Section 931(b)(1) is amended by striking “the deduction under section 151, relating to personal exemptions” and inserting “the family allowance amount under section 63(c)”.

(ii) Section 933 is amended—

(I) by striking “the deduction under section 151, relating to personal exemptions” in paragraph (1) and inserting “the family allowance amount under section 63(c)”, and

(II) by striking “the deduction for personal exemptions under section 151” in paragraph (2) and inserting “the family allowance amount under section 63(c)”.

(I) CAPITAL LOSSES.—Section 1212(b)(2)(B)(ii) is amended to read as follows:

“(ii) in the case of an estate or trust, the deduction allowed for such year under section 642(b).”.

(J) NET EARNINGS FROM SELF-EMPLOYMENT.—Section 1402(a) is amended by striking paragraph (7).

(K) PAYROLL WITHHOLDING.—

(i) IN GENERAL.—Paragraph (1) of section 3402(f) is amended by striking subparagraph

(A) and all that follows and inserting the following:

“(A) the family allowance amount; and

“(B) any additional amounts to which the employee elects to take into account under subsection (m), but only if the employee’s spouse does not have in effect a withholding allowance certificate claiming such allowance.”.

(ii) FAMILY ALLOWANCE EXEMPTION AMOUNT.—Subsection (f) of section 3402 is amended—

(I) by redesignating paragraphs (2), (3), (4), (5), (6), and (7) as paragraphs (3), (4), (5), (6), (7), and (8), respectively,

(II) by striking “paragraph (2)(C)” in paragraph (3)(B)(iii) and inserting “paragraph (3)(C)”, and

(III) by inserting after paragraph (1) the following new paragraph:

“(2) FAMILY ALLOWANCE EXEMPTION AMOUNT.—For purposes of this section—

“(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the term ‘family allowance exemption amount’ means the family allowance amount with respect to the taxpayer under section 63(b) for the taxable year in which the payroll period begins, prorated to the payroll period.

“(B) MARRIED EMPLOYEES.—If the employee is married filing jointly and the employee’s spouse is an employee receiving wages, the employee and the employee’s spouse may divide the family allowance amount determined under section 63(b) in the proportion of their choice for purposes of this paragraph, but the sum of the family allowance exemption amounts claimed by the employee and the employee’s spouse shall not exceed such family allowance amount.

“(C) EMPLOYEES WITH MORE THAN 1 EMPLOYER.—In the case of an employee that has withholding exemption certificates in effect with respect to more than 1 employer, the employee may divide the family allowance amount (or the employee’s share of such amount after the application of subparagraph (B), if applicable) determined under section 63(b) among employers in the proportion of the employee’s choice for purposes of this paragraph, but the sum of the family allowance exemption amounts claimed by the employee with respect to all employers shall not exceed such family allowance amount (or the employee’s share of such amount after the application of subparagraph (B), if applicable).”.

(iii) CONFORMING AMENDMENTS.—

(I) Paragraph (7) of section 3402(f), as redesignated by subparagraph (B)(i) of this paragraph, is amended by striking “shall be entitled to only one withholding exemption” and inserting “shall be treated as single or married filing separately for purposes of determining the family allowance exemption amount”.

(II) Paragraph (8) of section 3402(f), as redesignated by subparagraph (B)(i) of this paragraph, is amended by inserting “, except as provided in paragraph (2)(C)” after “with respect to one employer”.

(III) Paragraph (3) of section 3402(m) is amended by striking “deductions (including the additional standard deduction under section 63(c)(3) for the aged and blind)” and inserting “deductions”.

(IV) Paragraph (2) of section 3402(r) is amended striking “the sum of” and all that follows and inserting “the family allowance amount determined under section 63(b) for a taxpayer who is single or married filing separately.”.

(V) Section 6040(4) is amended by striking “section 3402(f)(2), (3), (4), and (5)” and inserting “paragraphs (3), (4), (5), and (6) of section 3402(f)”.

(L) JOINT RETURNS.—Section 6013(b)(3)(A) is amended by striking “has the meaning given

to such term” and all that follows and inserting “means the family allowance amount applicable to a taxpayer who is single or married filing separately under section 63(b).”.

(M) AMOUNTS SUBJECT TO LEVY.—

(i) Section 6334(d)(2)(A) is amended to read as follows:

“(A) 50 percent of the family allowance amount determined under section 63(b) with respect to the taxpayer for the taxable year in which such levy occurs, divided by”.

(ii) Section 6334(d) is amended by striking paragraph (4).

(c) OTHER CONFORMING AMENDMENTS.—

(1) Section 1(f)(7) is amended—

(A) by striking “section 63(c)(4), section 68(b)(2) or section 151(d)(4)” in subparagraph (A) and inserting “subsection (g)(4)(B), section 63(b)(3), section 68(b)(2), or section 7706(d)(6)”, and

(B) by striking “sections 63(c)(4) and section 151(d)(4)(A)” in subparagraph (B) and inserting “sections 63(b)(3) and 7706(d)(6)”.

(2) Section 1(g)(4) is amended—

(A) by striking subparagraph (A)(ii)(I) and inserting the following:

“(I) \$500, plus”, and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and inserting after subparagraph (A) the following new subparagraph:

“(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning in a calendar year after 1988, the \$500 amount in subparagraph (A)(ii)(I) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, by substituting ‘1987’ for ‘2016’ in subparagraph (A)(ii) thereof.”.

(3) Section 1(g)(5)(A) is amended by striking “section 152(e)” and inserting “section 7706(e)”.

(4) Section 2(a)(1)(B) is amended—

(A) by striking “section 152” and inserting “section 7706”, and

(B) by striking “with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 151” and inserting “whose TIN is included on the taxpayer’s return of tax for the taxable year”.

(5) Section 2(b)(1)(A)(i) is amended—

(A) in the matter preceding subclause (I)—

(i) by striking “section 152(c)” and inserting “section 7706(c)”, and

(ii) by striking “section 152(e)” and inserting “section 7706(e)”, and

(B) in subclause (II), by striking “section 152(b)(2) or 152(b)(3)” and inserting “section 7706(b)(2) or 7706(b)(3)”.

(6) Section 2(b)(1)(A)(ii) is amended by striking “if the taxpayer is entitled to a deduction for the taxable year for such person under section 151” and inserting “if the taxpayer included such person’s TIN on the return of tax for the taxable year”.

(7) Section 2(b)(1)(B) is amended by striking “if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151” and inserting “if such father or mother is a dependent of the taxpayer and the taxpayer included such father or mother’s TIN on the return of tax for the taxable year”.

(8) Section 2(b)(3)(B) is amended—

(A) by striking “section 152(d)(2)” in clause (i) and inserting “section 7706(d)(2)”, and

(B) by striking “section 152(d)” in clause (ii) and inserting “section 7706(d)”.

(9) Section 36B(b)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

(10) Section 36B(b)(3)(B) is amended by striking “unless a deduction is allowed under section 151 for the taxable year with respect

to a dependent” in the flush matter at the end and inserting “unless the taxpayer has a dependent for the taxable year (and the taxpayer included such dependent’s TIN on the return of tax for the taxable year)”.

(11) Section 36B(c)(1)(D) is amended by striking “with respect to whom a deduction under section 151 is allowable to another taxpayer” and inserting “who is a dependent of another taxpayer”.

(12) Section 36B(d)(1) is amended by striking “equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year” and inserting “the sum of 1 (2 in the case of a joint return) plus the number of individuals who are dependents of the taxpayer for the taxable year”.

(13) Section 36B(e)(1) is amended by striking “1 or more individuals for whom a taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year (including the taxpayer or his spouse)” and inserting “1 or more of the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer”.

(14) Section 42(i)(3)(D)(ii)(I) is amended by striking “section 152” and inserting “section 7706”.

(15) Section 45R(e)(1)(A)(iv) is amended—
(A) by striking “section 152(d)(2)” and inserting “section 7706(d)(2)”, and

(B) by striking “section 152(d)(2)(H)” and inserting “section 7706(d)(2)(H)”.

(16) Section 51(i)(1) is amended—
(A) by striking “section 152(d)(2)” in subparagraphs (A) and (B) and inserting “section 7706(d)(2)”, and

(B) by striking “section 152(d)(2)(H)” in subparagraph (C) and inserting “section 7706(d)(2)(H)”.

(17) Section 72(t)(2)(D)(i)(III) is amended by striking “section 152” and inserting “section 7706”.

(18) Section 72(t)(7)(A)(iii) is amended by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”.

(19) Section 105(b) is amended—
(A) by striking “as defined in section 152” and inserting “as defined in section 7706”,

(B) by striking “section 152(f)(1)” and inserting “section 7706(f)(1)” and

(C) by striking “section 152(e)” and inserting “section 7706(e)”.

(20) Section 105(c)(1) is amended by striking “section 152” and inserting “section 7706”.

(21) Section 125(e)(1)(D) is amended by striking “section 152” and inserting “section 7706”.

(22) Section 129(c)(1) is amended to read as follows:

“(1) who is a dependent of such employee or of such employee’s spouse, or”.

(23) Section 129(c)(2) is amended by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”.

(24) Section 132(h)(2)(B) is amended—
(A) by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”, and

(B) by striking “section 152(e)” and inserting “section 7706(e)”.

(25) Section 139D(c)(5) is amended by striking “section 152” and inserting “section 7706”.

(26) Section 139E(c)(2) is amended by striking “section 152” and inserting “section 7706”.

(27) Section 162(l)(1)(D) is amended by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”.

(28) Section 170(g)(1) is amended by striking “section 152” and inserting “section 7706”.

(29) Section 170(g)(3) is amended by striking “section 152(d)(2)” and inserting “section 7706(d)(2)”.

(30) Section 213(a) is amended by striking “section 152” and inserting “section 7706”.

(31) Section 213(d)(5) is amended by striking “section 152(e)” and inserting “section 7706(e)”.

(32) Section 213(d)(11) is amended by striking “section 152(d)(2)” in the matter following subparagraph (B) and inserting “section 7706(d)(2)”.

(33) Section 220(b)(6) is amended by striking “with respect to whom a deduction under section 151 is allowable to” and inserting “who is a dependent of”.

(34) Section 220(d)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

(35) Section 223(b)(6) is amended by striking “with respect to whom a deduction under section 151 is allowable to” and inserting “who is a dependent of”.

(36) Section 223(d)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

(37) Section 401(h) is amended by striking “section 152(f)(1)” in the last sentence and inserting “section 7706(f)(1)”.

(38) Section 402(l)(4)(D) is amended by striking “section 152” and inserting “section 7706”.

(39) Section 409A(a)(2)(B)(ii)(I) is amended by striking “section 152(a)” and inserting “section 7706(a)”.

(40) Section 501(c)(9) is amended by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”.

(41) Section 529(e)(2)(B) is amended by striking “section 152(d)(2)” and inserting “section 7706(d)(2)”.

(42) Section 529A(e)(4) is amended—
(A) by striking “section 152(d)(2)(B)” and inserting “section 7706(d)(2)(B)”, and

(B) by striking “section 152(f)(1)(B)” and inserting “section 7706(f)(1)(B)”.

(43) Section 643(a)(2) is amended—
(A) by striking “(relating to deduction for personal exemptions)” and inserting “(relating to basic deduction)”, and

(B) by striking “DEDUCTION FOR PERSONAL EXEMPTION” in the heading thereof and inserting “BASIC DEDUCTION”.

(44) Section 1361(c)(1)(C) is amended by striking “section 152(f)(1)(C)” and inserting “section 7706(f)(1)(C)”.

(45) Section 2032A(c)(7)(D) is amended by striking “section 152(f)(2)” and inserting “section 7706(f)(2)”.

(46) Section 5000A(b)(3)(A) is amended by striking “section 152” and inserting “section 7706”.

(47) Section 5000A(c)(4)(A) is amended by striking “the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year” and inserting “the sum of 1 (2 in the case of a joint return) plus the number of the taxpayer’s dependents for the taxable year”.

(48) Section 6103(l)(21)(A)(iii) is amended by striking “for whom a deduction is allowed under section 151” and inserting “who is taken into account as a dependent under section 7706 for purposes of any provision of this title”.

(49) Section 6213(g)(2)(H) is amended by striking “section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions)” and inserting “sub-section (a)(1)(B), (b)(1)(A)(ii), or (b)(1)(B) of section 2 or section 36B(b)(3)(B)”.

(50) Section 7702B(f)(2)(C)(iii) is amended by striking “section 152(d)(2)” and inserting “section 7706(d)(2)”.

(51) Section 7703(a) is amended by striking “part V of subchapter B of chapter 1 and”.

(52) Section 7703(b)(1) is amended by striking “section 152(f)(1)” and all that follows and inserting “section 7706(f)(1) who is a dependent of such individual for the taxable year (or would be but for section 7706(e))”.

(53) Section 7706(a), as redesignated by this section, is amended by striking “this subtitle” and inserting “subtitle A”.

(54) Section 7706(e)(3), as redesignated by this section, is amended by inserting “(as in effect before its repeal)” after “section 151”.

(55) The table of parts for subchapter B of chapter 1 is amended by striking the item relating to part V.

(56) The table of sections for chapter 79 is amended by adding at the end the following new item:

“Sec. 7706. Dependent defined.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 203. REPEAL OF LIMITATIONS RELATING TO ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Sections 67 and 68 are repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 162(o) is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(2) Section 164(b)(5)(H)(ii) is amended—

(A) by striking the comma at the end of subclause (I) and inserting “, and”,

(B) by striking “, and” at the end of subclause (II) and inserting a period, and

(C) by striking subclause (III).

(3) Section 302(b)(5) is amended by inserting “, as in effect on December 31, 2021” after “67(c)(2)(B)”.

(4) Section 562(c) is amended by inserting “, as in effect on December 31, 2021” after “67(c)(2)(B)”.

(5) Section 642(b)(2)(C)(i)(II) is amended by inserting “, and as in effect on December 31, 2021” after “642(b)”.

(6) Section 6654(d)(1)(C)(iii) is amended by inserting “, as in effect on December 31, 2021” before the period.

(c) EFFECTIVE DATE.—The repeal and the amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 204. RESTORATION OF CERTAIN DEDUCTIONS.

(a) DEDUCTION FOR QUALIFIED RESIDENCE INTEREST.—Section 163(h)(3) is amended by striking subparagraph (F).

(b) DEDUCTION FOR STATE AND LOCAL TAXES.—Section 164(b) is amended by striking paragraph (6).

(c) DEDUCTION FOR PERSONAL CASUALTY LOSSES.—Section 165(h) is amended by striking paragraph (5).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 205. TERMINATION OF SEPARATE TREATMENT OF CAPITAL GAINS.

Subsection (h) of section 1 is amended by adding at the end the following new paragraph:

“(12) TERMINATION.—This subsection shall not apply to any taxable year beginning after December 31, 2021.”.

SEC. 206. REPEALS.

(a) IN GENERAL.—The following provisions of the Internal Revenue Code of 1986 are repealed:

(1) Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits).

(2) Subpart B of part IV of subchapter A of chapter 1 (relating to other credits), other than section 27 (relating to taxes of foreign countries and possessions of the United States; possession tax credit).

(3) Sections 34, 35, and 36.

(4) Part VI of subchapter A of chapter 1 (relating to alternative minimum tax).

(5) Section 199A (relating to deduction for qualified business income).

(6) Section 217 (relating to moving expenses).

(7) Section 221 (relating to interest on education loans).

(8) Section 222 (relating to qualified tuition and related expenses).

(9) Chapter 2A (relating to unearned income medicare contribution).

(b) **EFFECTIVE DATE.**—The repeals made by subsection (a) shall take effect for taxable years beginning after December 31, 2021.

SEC. 207. ESTABLISHMENT OF PROGRESSIVE TAX REBATE.

(a) **IN GENERAL.**—Section 32 is amended to read as follows:

“SEC. 32. PROGRESSIVE TAX REBATE.

“(a) **ALLOWANCE OF CREDIT.**—In the case of an eligible taxpayer, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the sum of—

“(1) the earned income amount (as determined under subsection (b)),

“(2) the child benefit amount (as determined under subsection (c)), plus

“(3) the additional child benefit amount (as determined under subsection (d)).

“(b) **EARNED INCOME AMOUNT.**—

“(1) **SINGLE WORKERS.**—In the case of an eligible taxpayer (other than a head of a household as defined in section 2(b)) who is not filing a joint return for the taxable year under section 6013, the earned income amount shall be equal to—

“(A) in the case of a taxpayer whose earned income for the taxable year does not exceed \$6,100, 25.1 percent of such earned income,

“(B) in the case of a taxpayer whose earned income for the taxable year exceeds \$6,100 but does not exceed \$9,000, \$1,530 plus 17.1 percent of such earned income in excess of \$6,100,

“(C) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) for the taxable year exceeds \$9,000, but does not exceed \$49,494, \$2,025 minus 5 percent of such earned income or adjusted gross income in excess of \$9,000, or

“(D) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) for the taxable year exceeds \$49,494, \$0.

“(2) **HEAD OF HOUSEHOLD.**—In the case of an eligible taxpayer who is a head of a household (as defined in section 2(b)), the earned income amount shall be equal to—

“(A) in the case of a taxpayer whose earned income for the taxable year does not exceed \$9,150, 25.1 percent of such earned income,

“(B) in the case of a taxpayer whose earned income for the taxable year exceeds \$9,150 but does not exceed \$13,500, \$2,294 plus 17.1 percent of such earned income in excess of \$9,150,

“(C) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) for the taxable year exceeds \$13,500, but does not exceed \$74,241, \$3,037 minus 5 percent of such earned income or adjusted gross income in excess of \$13,500, or

“(D) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) for the taxable year exceeds \$74,241, \$0.

“(3) **MARRIED FILING JOINTLY.**—In the case of an eligible taxpayer filing a joint return under section 6013, the earned income amount shall be determined pursuant to paragraph (1), except that the dollar amounts in effect under such paragraph shall be multiplied by 2.

“(c) **CHILD BENEFIT AMOUNT.**—

“(1) **IN GENERAL.**—In the case of an eligible taxpayer with a qualifying child, the child

benefit amount shall be equal to 15 percent of the earned income of such taxpayer for the taxable year.

“(2) **LIMITATIONS.**—

“(A) **LIMITATION BASED ON NUMBER OF CHILDREN.**—The child benefit amount determined under paragraph (1) shall not exceed an amount equal to the product of—

“(i) the number of qualifying children of the taxpayer, multiplied by

“(ii) \$1,590.

“(B) **REDUCTION BASED ON EARNINGS OR ADJUSTED GROSS INCOME.**—The child benefit amount determined under this subsection (as determined after application of subparagraph (A)) shall be reduced (but not below zero) by an amount equal to 5 percent of the earned income (or, if greater, the adjusted gross income) of the taxpayer for the taxable year in excess of \$75,000 (\$110,000 in the case of a joint return).

“(d) **ADDITIONAL CHILD BENEFIT AMOUNT.**—

“(1) **IN GENERAL.**—In the case of an eligible taxpayer with a qualifying child, the additional child benefit amount shall be equal to—

“(A) in the case of a taxpayer whose earned income for the taxable year does not exceed \$20,000, the applicable percentage of such earned income,

“(B) in the case of a taxpayer whose earned income exceeds \$20,000 but does not exceed \$25,000, the applicable percentage of \$20,000,

“(C) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) exceeds \$25,000 but does not exceed the applicable amount, an amount equal to—

“(i) the applicable percentage of \$20,000, minus

“(ii) 15 percent of such earned income or adjusted gross income in excess of \$25,000, or

“(D) in the case of a taxpayer whose earned income (or, if greater, adjusted gross income) exceeds the applicable amount, \$0.

“(2) **APPLICABLE PERCENTAGE.**—For purposes of paragraph (1), the applicable percentage is—

“(A) in the case of a taxpayer with 1 qualifying child, 11 percent,

“(B) in the case of a taxpayer with 2 qualifying children, 17 percent, and

“(C) in the case of a taxpayer with 3 or more qualifying children, 19 percent.

“(3) **APPLICABLE AMOUNT.**—For purposes of paragraph (1), the applicable amount is—

“(A) in the case of a taxpayer with 1 qualifying child, \$39,667,

“(B) in the case of a taxpayer with 2 qualifying children, \$47,667, and

“(C) in the case of a taxpayer with 3 or more qualifying children, \$50,333.

“(e) **ELIGIBLE TAXPAYER.**—

“(1) **IN GENERAL.**—The term ‘eligible taxpayer’ means an individual—

“(A) whose principal place of abode is in the United States for more than one-half of such taxable year, and

“(B) is not a dependent (as defined under section 152) to another taxpayer for any taxable year beginning in the same calendar year as such taxable year.

“(2) **QUALIFYING CHILD INELIGIBLE.**—If an individual is the qualifying child of a taxpayer for any taxable year of such taxpayer beginning in a calendar year, such individual shall not be treated as an eligible taxpayer for any taxable year of such individual beginning in such calendar year.

“(3) **EXCEPTION FOR TAXPAYER CLAIMING BENEFITS UNDER SECTION 911.**—The term ‘eligible taxpayer’ does not include any taxpayer who claims the benefits of section 911 for the taxable year.

“(4) **LIMITATION ON ELIGIBILITY OF NON-RESIDENT ALIENS.**—The term ‘eligible taxpayer’ shall not include any individual who is a nonresident alien individual for any portion of the taxable year unless such indi-

vidual is treated for such taxable year as a resident of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

“(5) **IDENTIFICATION NUMBER REQUIREMENT.**—No credit shall be allowed under this section to an eligible taxpayer who does not include on the return of tax for the taxable year—

“(A) such individual’s taxpayer identification number, and

“(B) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual’s spouse.

“(6) **TAXPAYERS WHO DO NOT INCLUDE TIN, ETC., OF ANY QUALIFYING CHILD.**—No credit shall be allowed under this section to any eligible taxpayer who has one or more qualifying children if no qualifying child of such taxpayer is taken into account under subsection (c) or (d) by reason of subsection (f)(4).

“(7) **TREATMENT OF MILITARY PERSONNEL STATIONED OUTSIDE OF THE UNITED STATES.**—For purposes of paragraph (1)(A) and subsection (f)(3), the principal place of abode of a member of the Armed Forces of the United States shall be treated as in the United States during any period during which such member is stationed outside the United States while serving on extended active duty with the Armed Forces of the United States. For purposes of the preceding sentence, the term ‘extended active duty’ means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

“(8) **JOINT RETURN.**—

“(A) **MARRIED INDIVIDUALS.**—In the case of an individual who is married (within the meaning of section 7703), this section shall apply only if a joint return is filed for the taxable year under section 6013.

“(B) **OTHER.**—In the case of taxpayer filing a joint return under section 6013, such taxpayer shall not be treated as an eligible taxpayer for purposes of this section unless either the taxpayer or the taxpayer’s spouse satisfies each of the requirements under this subsection.

“(f) **QUALIFYING CHILD.**—

“(1) **IN GENERAL.**—The term ‘qualifying child’ means a qualifying child of the taxpayer (as defined in section 152(c)), determined without regard to paragraph (1)(D) thereof and section 152(e)).

“(2) **MARRIED INDIVIDUAL.**—The term ‘qualifying child’ shall not include an individual who is married as of the close of the eligible taxpayer’s taxable year unless the individual qualifies as a dependent (as defined under section 152) of the taxpayer for such taxable year.

“(3) **PLACE OF ABODE.**—For purposes of paragraph (1), the requirements of section 152(c)(1)(B) shall be met only if the principal place of abode is in the United States.

“(4) **IDENTIFICATION REQUIREMENTS.**—

“(A) **IN GENERAL.**—A qualifying child shall not be taken into account under subsection (c) or (d) unless the taxpayer includes the name, age, and TIN of the qualifying child on the return of tax for the taxable year.

“(B) **OTHER METHODS.**—The Secretary may prescribe other methods for providing the information described in subparagraph (A).

“(g) **EARNED INCOME.**—

“(1) **IN GENERAL.**—The term ‘earned income’ means—

“(A) wages, salaries, tips, and other employee compensation, but only if such amounts are includible in gross income for the taxable year, plus

“(B) the amount of the taxpayer’s net earnings from self-employment for the taxable year (within the meaning of section

1402(a)), but such net earnings shall be determined with regard to the deduction allowed to the taxpayer by section 164(f).

“(2) SPECIAL RULES.—For purposes of paragraph (1)—

“(A) no amount received as a pension or annuity shall be taken into account,

“(B) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account,

“(C) no amount received for services provided by an individual while the individual is an inmate at a penal institution shall be taken into account,

“(D) no amount described in paragraph (1) received for service performed in work activities as defined in paragraph (4) or (7) of section 407(d) of the Social Security Act to which the taxpayer is assigned under any State program under part A of title IV of such Act shall be taken into account, but only to the extent such amount is subsidized under such State program, and

“(E) a taxpayer may elect to treat amounts excluded from gross income by reason of section 112 as earned income.

“(h) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the eligible taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months.

“(i) COORDINATION WITH CERTAIN MEANS-TESTED PROGRAMS.—For purposes of—

“(1) the United States Housing Act of 1937,

“(2) title V of the Housing Act of 1949,

“(3) section 101 of the Housing and Urban Development Act of 1965,

“(4) sections 221(d)(3), 235, and 236 of the National Housing Act, and

“(5) the Food and Nutrition Act of 2008,

any refund made to a taxpayer by reason of this section shall not be treated as income (and shall not be taken into account in determining resources for the month of its receipt and the following month).

“(j) AMOUNT OF CREDIT TO BE DETERMINED UNDER TABLES.—The amount of the credit allowed by this section shall be determined under tables prescribed by the Secretary.

“(k) DENIAL OF CREDIT FOR INDIVIDUALS HAVING EXCESSIVE INVESTMENT INCOME.—

“(1) IN GENERAL.—No credit shall be allowed under subsection (a) for the taxable year if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds \$5,000.

“(2) DISQUALIFIED INCOME.—For purposes of paragraph (1), the term ‘disqualified income’ means—

“(A) interest or dividends to the extent includible in income for the taxable year,

“(B) interest received or accrued during the taxable year which is exempt from tax imposed by this chapter,

“(C) the excess (if any) of—

“(i) gross income from rents or royalties not derived in the ordinary course of a trade or business, over

“(ii) the sum of—

“(I) the deductions (other than interest) which are clearly and directly allocable to such gross income, plus

“(II) interest deductions properly allocable to such gross income,

“(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

“(E) the excess (if any) of—

“(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (f) or described in a preceding subparagraph), over

“(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

“(3) PASSIVE ACTIVITY.—For purposes of paragraph (2)(E), the term ‘passive activity’ has the meaning given such term by section 469.

“(1) INFLATION ADJUSTMENTS.—

“(1) IN GENERAL.—In the case of any taxable year beginning after 2022, each of the dollar amounts in subsections (b), (c), (d), and (j)(1) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2021’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(2) ROUNDING.—If any dollar amount in subsections (b), (c), (d), and (j)(1), after being increased under paragraph (1), is not a multiple of \$100, such dollar amount shall be rounded to the nearest multiple of \$100.

“(m) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

“(1) TAXPAYERS MAKING PRIOR FRAUDULENT OR RECKLESS CLAIMS.—

“(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

“(B) DISALLOWANCE PERIOD.—For purposes of subparagraph (A), the disallowance period is—

“(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer’s claim of credit under this section was due to fraud, and

“(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer’s claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

“(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 86(f)(2) is amended by striking “section 32(c)(2)” and inserting “section 32(g)”.

(2) Section 129(e)(2) is amended by striking “section 32(c)(2)” and inserting “section 32(g)”.

(3) Section 6213(g)(2) is amended—

(A) in subparagraph (G), by striking “section 32(c)(2)(A)” and inserting “section 32(g)(1)”, and

(B) in subparagraph (K), by striking “section 32(k)(2)” and inserting “section 32(m)(2)”.

(4) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “32,” after “25A.”.

(5) The table of sections for subpart C of part IV of subchapter A of chapter 1 of subtitle A is amended by striking the item relating to section 32 and inserting the following:

“Sec. 32. Progressive tax rebate.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 208. TECHNICAL AND CONFORMING AMENDMENTS.

The Secretary of the Treasury or the Secretary’s delegate shall, not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and

Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the purposes of the provisions of, and amendments made by, this title.

Subtitle B—Corporate Tax Reforms

SEC. 211. CORPORATE INCOME TAX RATE REDUCTION.

(a) IN GENERAL.—Subsection (b) of section 11 is amended to read as follows:

“(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) shall be an amount equal to 17 percent of the taxable income.”.

(b) CONFORMING AMENDMENT.—Section 1551 is amended—

(1) by striking “BENEFITS OF THE GRADUATED CORPORATE RATES AND” in the heading,

(2) by striking “the benefits of the rates contained in section 11(b) which are lower than the highest rate specified in such section, or” in subsection (a), and

(3) by striking “such benefits or credit” in subsection (a) and inserting “such credit”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

TITLE III—REFUND OF EXCESS CONSUMPTION TAX REVENUE

SEC. 301. REFUNDS OF EXCESS CONSUMPTION TAX REVENUE.

(a) IN GENERAL.—Subchapter B of chapter 65 is amended by adding at the end the following new section:

“SEC. 6433. REFUNDS OF EXCESS CONSUMPTION TAX REVENUE.

“(a) IN GENERAL.—In the case of any qualifying excess consumption tax revenue year, the Secretary shall pay to each eligible filer an amount equal to the consumption tax refund amount.

“(b) QUALIFYING EXCESS CONSUMPTION TAX REVENUE YEAR.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualifying excess consumption tax revenue year’ means any calendar year for which the net consumption tax revenues exceed 10 percent of gross domestic product for such year.

“(2) NET CONSUMPTION TAX REVENUES.—The net consumption tax revenues for any calendar year shall be the excess of—

“(A) the tax imposed under section 3901 with respect to taxable supplies the tax point for which is during such calendar year, over

“(B) the credits allowed under section 3916 for such calendar year.

“(3) GROSS DOMESTIC PRODUCT.—The gross domestic product for any calendar year shall be the last estimate of the gross domestic product for such calendar year by the Department of Commerce which is published before the date that is 3 months after the close of such calendar year.

“(c) ELIGIBLE FILER.—For purposes of this section—

“(1) DEFINITION.—

“(A) IN GENERAL.—The term ‘eligible filer’ means, with respect to any qualifying excess consumption tax revenue year, any individual (other than an individual described in paragraph (2)) who filed a return of income tax for the individual’s qualifying rebate taxable year.

“(B) EXCLUSION.—The term ‘eligible filer’ shall not include—

“(i) any nonresident alien individual,

“(ii) any individual who is a dependent (as defined in section 152) of another taxpayer for the individual’s qualifying rebate taxable year, or

“(iii) an estate or trust.

“(2) QUALIFYING REBATE TAXABLE YEAR.—The term ‘qualifying rebate taxable year’

means, with respect to any individual in connection with a qualifying excess consumption tax revenue year, the taxable year of such individual which contains 6 or more months of such qualifying excess consumption tax revenue year.

“(3) IDENTIFICATION REQUIREMENT.—

“(A) IN GENERAL.—An individual shall not be treated as an eligible filer for any year unless such individual includes on the return of tax for such year—

“(i) such individual’s valid identification number,

“(ii) in the case of a joint return, the valid identification number of such individual’s spouse, and

“(iii) the valid identification number of any qualifying child (as defined in section 32(f)) claimed on such return.

“(B) VALID IDENTIFICATION NUMBER.—For purposes of subparagraph (A), the term ‘valid identification number’ means a social security number issued to an individual by the Social Security Administration. Such term shall not include a TIN issued by the Internal Revenue Service.

“(C) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.—Subparagraph (A) shall not apply to a joint return where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year.

“(d) CONSUMPTION TAX REFUND AMOUNT.—

“(1) IN GENERAL.—The consumption tax refund amount for any eligible filer for any qualifying excess consumption tax year shall be the product of—

“(A) the applicable amount, times

“(B) the applicable shares of the eligible filer.

“(2) APPLICABLE AMOUNT.—The applicable amount for any qualifying excess revenue consumption tax year is an amount equal to—

“(A) the excess described in subsection (b)(1), divided by

“(B) the total number of applicable shares of all eligible filers for such year.

“(3) APPLICABLE SHARE.—The number of applicable shares for any eligible filer shall be the sum of—

“(A) 1 (2 in the case of a joint return), plus

“(B) ½ of the number of qualifying children (as defined in section 32(f)) claimed on the eligible filer’s return for the filer’s qualifying rebate taxable year.

“(e) TIME FOR PAYMENT.—Payments under subsection (a) shall be made as soon as practical after the Secretary has determined the consumption tax refund amount.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by striking “or 6431” and inserting “6431, or 6433”.

(2) The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

“Sec. 6433. Refunds of excess consumption tax revenue.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

By Mr. WYDEN (for himself, Mr. BENNET, Mr. BROWN, Mr. CASEY, Ms. CORTEZ MASTO, Mr. DURBIN, Ms. KLOBUCHAR, and Mrs. MURRAY):

S. 5035. A bill to amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals; to the Committee on Finance.

Mr. WYDEN. Mr. President, today I have introduced the Encouraging

Americans to Save Act (EASA). This legislation makes common sense reforms to the saver’s tax credit by making the credit refundable and restructuring it as a government matching contribution that is directly deposited into a worker’s retirement savings account.

This bill would offer matching contributions for the first time to millions of middle and lower income individuals not covered by an employer-sponsored retirement plan, including those who save through an IRA under a State or local government savings program—such as workers in my home State of Oregon under the OregonSaves program. The government match is also available to middle and lower income savers who participate in an employer-sponsored plan.

The government match provided by the bill would both encourage saving and help middle and low income earners build assets by providing an immediate, meaningful return on their personal contributions. The legislation would also establish a coronavirus bonus recovery credit that would provide an additional government match of up to \$5,000 to workers on their retirement saving for a five year period beginning in 2022. I urge my colleagues to support this legislation.

By Mr. GRAHAM:

S. 5036. A bill to amend the Overtime Pay for Protective Services Act of 2016 to extend the Secret Service overtime pay exception through 2023, and for other purposes; considered and passed.

S. 5036

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Secret Service Overtime Pay Extension Act”.

SEC. 2. EXTENSION OF OVERTIME PAY EXCEPTION THROUGH 2023 FOR PROTECTIVE SERVICES.

(a) IN GENERAL.—Section 2 of the Overtime Pay for Protective Services Act of 2016 (5 U.S.C. 5547 note) is amended—

(1) in the section heading, by striking “2020” and inserting “2023”;

(2) in subsection (a), by striking “during 2016, 2017, 2018, 2019, or 2020” and inserting “during any of calendar years 2016 through 2023”; and

(3) in subsection (b)(1)—

(A) by inserting “for a given calendar year” after “for premium pay”; and

(B) by striking “during 2016, 2017, 2018, 2019, and 2020” and inserting “during each of calendar years 2016 through 2023”.

(b) REPORTS.—

(1) DEFINITION.—In this subsection, the term “appropriate committees of Congress” means the Committee on Appropriations, the Committee on Homeland Security and Governmental Affairs, and the Committee on the Judiciary of the Senate and the Committee on Appropriations, the Committee on Oversight and Reform, and the Committee on the Judiciary of the House of Representatives.

(2) REPORT ON EXTENSIONS.—Not later than January 30 of each of calendar years 2021, 2022, and 2023, the Director of the United States Secret Service shall submit to the appropriate committees of Congress a report on the effects of the amendments made by sub-

section (a) and the amendments made by section 2(a) of the Secret Service Overtime Pay Extension Act (Public Law 115-383; 132 Stat. 5121), which shall include, with respect to the previous calendar year, the information described under paragraphs (1) through (7) of section 2(c) of the Secret Service Recruitment and Retention Act of 2018 (Public Law 115-160; 132 Stat. 1246).

(3) OPEN RECOMMENDATIONS.—Not later than 60 days after the date of enactment of this Act, the Director of the United States Secret Service shall submit to the appropriate committees of Congress a report discussing the progress of the United States Secret Service in implementing each recommendation of the Government Accountability Office to the United States Secret Service that has not been designated as closed by the Comptroller General of the United States.

(4) PROTECTIVE MISSION PANEL.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report on the extent of the progress made by the United States Secret Service in implementing the recommendations of the United States Secret Service Protective Mission Panel, including in particular those items pertaining to training and personnel enumerated in the Executive Summary to Report from the United States Secret Service Protective Mission Panel to the Secretary of Homeland Security dated December 15, 2014.

(c) REPEAL OF SUPERSEDED REPORTING REQUIREMENT.—Section 2(b) of the Secret Service Overtime Pay Extension Act (Public Law 115-383; 132 Stat. 5121) is repealed.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 803—DESIGNATING ROOM S-124 OF THE UNITED STATES CAPITOL AS THE “U.S. SENATOR MARGARET CHASE SMITH ROOM” AND DESIGNATING ROOM S-115 OF THE UNITED STATES CAPITOL AS THE “U.S. SENATOR BARBARA A. MIKULSKI ROOM”, IN RECOGNITION OF THEIR SERVICE TO THE SENATE AND THE PEOPLE OF THE UNITED STATES

Mr. BLUNT (for himself, Ms. KLOBUCHAR, Ms. COLLINS, Mr. KING, Mr. CARDIN, and Mr. VAN HOLLEN) submitted the following resolution; which was considered and agreed to:

S. RES. 803

Whereas Senator Margaret Chase Smith served the people of Maine for more than 32 years as a member of the House of Representatives and the Senate;

Whereas Senator Margaret Chase Smith became the first woman to serve in both the House of Representatives and the Senate;

Whereas Senator Margaret Chase Smith served as Chair of the Republican Conference, the first woman to hold a leadership position in the Senate;

Whereas, during her tenure in the Senate, Senator Margaret Chase Smith served as—

(1) the first woman Ranking Member of the Committee on Armed Services, the first woman Ranking Member of the Committee on Aeronautical and Space Sciences, and the Chair of the Committee on Rates and Compensation of Certain Officers and Employees of the Senate; and

(2) a member of the Committee on District of Columbia, the Committee on Expenditures